Thriving on Chaos with Tom Peters

Program 1

Viewer’s Guide

Introduction

In this program, the first of three hour-long programs about today’s business environment, Tom Peters insists that every sector of the global economy is in the process of being radically reconfigured. With market volatility the rule rather than the exception, confusion is a constant. It is the age of information and speed. Every organization, Peters asserts, will have to restructure in order to meet the new challenges.

In this program, Peters visits three companies that are keeping up with today’s changes – Valencia, California’s Answer Products, a fast-growing manufacturer of motorcycle accessories; Denver-based KG Retail Stores, a retail chain; and Sausalito, California-based SoftAd Group, where a small group of mavericks are pioneering the use of computers as an ad medium. Peters also looks at the Los Angeles basin, which is experiencing an entrepreneurial renaissance, and discusses the impact of changes with experts Joel Lotkin and Stan Davis.

How to Use This Guide

This guide is designed to be used in conjunction with Thriving on Chaos, Program 1. It summarizes and expands on the material presented in the program. There is space for you to note how the ideas and principles in the video apply to your own organization and work group.

The leader’s guide provides questions to consider for each of Peters’ eight guidelines for survival in the new world of business. For each point there are ideas and examples as well as suggested topics for discussion with co-workers.
DISCUSSION GUIDE

1. Eternal confusion.

Change is here to stay. Things won’t “shake out.” Confusion, volatility and rapid change are constants today. Think of the thousands of start-ups in the Los Angeles basin, each little company grabbing a small niche of some rapidly changing market. Likewise, consider that 230 of the 1979 Fortune 500 have since dropped off the list, including companies such as American Motors, Celanese, U.S. Filter, Getty Oil, Singer, American Can, Pabst Brewing and Sperry Rand, to name a few.

- How has “eternal confusion” affected your organization’s fortunes?

2. New opportunities and changing shapes.

Economic volatility is creating opportunities in every sector of the economy, for those that are smart enough, fast enough and flexible enough to see and seize them. In the 500-year old publishing industry, for example, desktop publishing has all but leveled the barrier to entry. Thousands of tiny firms have sprung up overnight to service niche markets.

- What new markets – and new competitors – have sprung up in your industry?

3. You’ve got to keep up.

Organizations can no longer afford to “wait and see” about new ideas, markets and technologies. Those who fall behind in adopting new technologies will find it impossible to catch up. Kodak, for instance, although they had the technology first, hesitated in marketing the disposable camera, and lost the market to Fuji.

- Is your organization an aggressive adaptor of new technologies? A creator of new products, services, markets?

4. Information technology is the driver.

Data processing and telecommunications have transformed the world of business, creating an electronic global village by collapsing time and distance (and eliminating many of the advantages of size). As Joel Kotkin says, the fax and MCI Mail at his one-man business are the same as GM’s.

- How has information technology changed your organization?
5. Keep up with change or you’re gone.

The pace of business is relentless and winning organizations are competing in time, reducing order, manufacturing and processing cycles by 90 percent or more. For instance, KG Retail Stores has reduced its order cycle from nine weeks to four days and all but eliminated warehousing. Wal-Mart produces full reports on daily sales activity on all stores 90 minutes after the last store’s closing. A small wonder Sears is in trouble.

- Is your organization keeping up with (or setting) the pace like KG or falling behind like Sears?

6. Information technology to serve the customer better.

Computers are a boon to efficiency, but the winning application of computer power is in providing better and more service to customers. KG’s computer inventory works because it keeps the goods customers want in stock. Time magazine is using computers to customize its publication. In the 1990’s, Time plans to deliver four million different weekly editions, targeted to different markets.

- How does your organization use its computer power to better serve the customer?

7. More innovation from smaller firms.

Giant firms have a disadvantage in today’s chaotic business environment. As a rule, they simply cannot move as fast and flexibly as smaller firms. Their size, their expertise, their wealth all stand in the way of innovation and risk-taking. Remember the thousands of start-ups dotting the Los Angeles basin and little maverick SoftAd Group taking on the giants and transforming their part of the advertising business. Even some of the giant firms are breaking up divisions and departments into small project teams.

- Has your organization adopted a small-team / unit approach to innovation?
8. Nothing will be the same.

Take nothing for granted, even the office. In his book, *The Age of Unreason*, British consultant Charles Handy tells the story of pulling up next to a man in a car in a choice parking space. When Handy asked if he was leaving, the man said he would be there for the next couple of hours. Then Handy noticed that with a laptop computer, cellular phone and fax, the man was settling down for a couple hours of work in his mobile office.

- Next time you hear (or want to say) “that’s the way we’ve always done it around here,” DON’T!
Thriving on Chaos with Tom Peters Program 2:
If it ain’t broke, fix it anyway

Viewer’s Guide

Introduction

In this second program in the three-part Thriving on Chaos series, Tom Peters looks at how organizations are adapting to intense global competition, the explosion in information and information technology and other changes which Peters says add up to a new Industrial Revolution. According to Peters, to stay afloat in these turbulent times, organizations must change from the old-style, slow and stable hierarchies to open societies that facilitate a fast, fluid and get-on-with-it approach to business. The organizations that are thriving in this new order encourage their people to reach out to take on new challenges, that they become comfortable with risk and fall in love with change itself.

In this program Peters looks at four organizations – the telecommunications giant MCI, the Social Security Administration, drug distributor Bergen Brunswig and KG, a chain of men’s apparel stores. In addition, Peters interviews three experts on today’s successful organizations and strategies – Harvard Business School professor Rosabeth Moss Kanter, executive dean of the Kennedy School of Government Richard Cavanagh and author and consultant Stanley M. Davis.

How to Use This Guide

This guide is designed to complement the video program, “If it ain’t broke, fix it anyway.” It is designed to help viewers understand and appreciate the impact of change on their own organizations and to help them “translate” the lessons of organizations like MCI, SSA, Bergen Brunswig and KG into their own organizational setting.

The guide outlines each of the ten central lessons Tom Peters draws from his exploration of the new-style winning organizations. For each point there are ideas and examples as well as space for you to make note of your own experience. In the leader's guide there are also suggested topics for discussion with co-workers.
Discussion Guide

1. Unprecedented change.

The 21st century has arrived slightly ahead of schedule, and the game of business has changed forever. The rules are different, and the pace has accelerated incredibly. IBM, for one, has felt the shocks of today’s volatile business environment. Big Blue was declared dead in 1979 and on top of the world in 1982. Then in 24 months in 1987-9 it lost 1/3 of its leading-edge personal computer market share. As MCI chief Bill McGowan says, the rags-to-riches-to-rags cycle has shrunk from three generations to seven to ten years.

- Think of ten major changes that have affected your industry in the last five years.

2. Institutionalized change.

Change is no longer an event but a habit, not just a market reality but a procedure for those companies that thrive in today’s marketplace. To keep up with volatile markets, winning organizations are driving authority and decision-making out of the executive suites and into the stores and factories. In the process they are encouraging action and risk-taking by everybody at all levels. As MCI executive vice president Dick Liebhaber says “We don’t shoot people who make mistakes around here. We shoot people who don’t take risks.”

- Is everybody in your organization (or department or work group) regarded as an innovator or risk-taker?

3. The Open Society.

Replacing the rule-bound hierarchy with a fast, flexible and “open society” able to respond more quickly is the winning strategy. At MCI, 400,000 MCI Mail messages a month circulate at every level among 18,000 employees. Openness may even be a unique competitive advantage for American companies. As Rosabeth Moss Kanter said, “One of the great virtues of America is that we are still a more open society than some of our competitors. And that if you show a little initiative, a little spark, if you know how to create a project, to get something additional done, it’ll get attention.”

- Is your organization a rules-and-regulation hierarchy or a flexible open society?
4. Inaction will kill you.

Inaction (sometimes disguised as planning and analysis) kills innovation and without speedy innovation, today’s organization cannot survive, much less prosper. Action, however, means risk and mistakes. And winning organizations like MCI are looking to make mistakes faster. Les Wexner, founder of The Limited, Inc., actually grades company buyers not just on successes but failures. According to Wexner’s logic, not enough failures – he even goes so far as to say big failures – means the buyer isn’t taking enough chances in the crazy world of fashion.

- Is there a “bias for action” in your organization? Are failures permitted – or applauded – if they provide some new learning?

5. Speed … and better service.

In the 21st century speed and service are an inseparable pair. As Bergen Brunswig, Wal-Mart and Federal Express have learned, computer power is the ticket to faster response. It enables the organization to provide more and better services for the customer, while saving valuable time and money for the parent company. For example, the Social Security Administration’s shift from paper to data processing has improved efficiency while providing better, faster service to customers.

- Is your organization providing much faster and much better service than it did two years ago? Much better than competitors? (Ask a customer!)

6. Millennial change.

Information technology and networks of providers, customers and suppliers (from anywhere in the globe) are fundamentally revolutionizing business in a millennial way, a once-every-thousand-years change perhaps more profound and far-reaching than even the Industrial Revolution.

Every organization will have to transform itself at every level or become an historical footnote. Chief Bill McGowan of MCI, in only 11 years, has already steered the organization through five major transformations, from start-up to litigator to fundraiser to price-based residential competitor to value-added partner with its business customers.

- In what ways is your organization (or industry) radically different than it was ten years ago?
7. We must obsolete ourselves.

In a time of revolutionary change, no organization can rest safely on its laurels. Every organization must work unceasingly to replace even its most profitable products and services with something better. Bergen Brunswig Chairman Emil Martini learned the lesson from Edwin T. Land, inventor and founder of Polaroid, who said, "When your product gets obsoleted, make sure you obsolete it yourself." (Ironically, Polaroid later suffered because it forgot Land's own lesson. It can happen to anyone!)

- Is your organization working on obsoleting its top-of-the-line product or service?

8. Opportunities for those who add value.

As Cavanagh points out, adding value is the way that A.T. Cross (pens) or Perdue (chickens) have built phenomenal, sustained profits in so-called commodity markets. An awesome competitive advantage can be built on a steady stream of small innovations. Those people who thrive in the new organizations will be those dedicated to finding little ways to add value to the basic product or service for the customer. Remember the members of Bergen Brunswig's "Dream Team," who strive every day to improve and perfect the systems at the company's Valencia, California, warehouse. Or, think of the MCI employee in Texas, who thought the company should investigate new light fiber switching technologies, and kept talking until he got the attention of the head of operations.

- How is your organization adding value for its customers? List off the new services your organization has added to its basic product line in the last five years. Does your organization encourage everyone to "create a project" and add value, as Kanter calls it?

9. Subcontract everything you can.

The streamlined organization, leaner and faster moving, uses subcontracting to remove layers of "fat," nonessential support services. Subcontracting allows the organization to focus on the fast-changing needs of its customers, rather than expending energy on side issues. At the same time, subcontracting brings new skills and greater experience into the organization's service. Remember the London firms that send their typing by satellite to Taiwan. Stan Davis cites American Airlines, which flies a half-ton of documents to Barbados daily to be keypunched and then beamed back to the central computer in Tulsa.
- What tasks could your organization (or work group) profitably turn over to others?

10. Everybody hooked up to everybody.

Data processing and telecommunications have made instantaneous analysis and communications a possibility; economic volatility has made them a necessity. Each cash register at the Denver, Colorado-based KG chain is hooked through company computers to San Francisco-based jeans supplier Levi Strauss and through Levi Strauss to the Spartanburg, South Carolina, headquarters of textile manufacturer Milliken & Company. The result is that Milliken and Levi can manufacture to customer specifications (not the prognostications of buyers) and order cycles have been reduced from months to days – and all involved say it's just a beginning!

- Is your organization hooked up? Is marketing talking to production, engineering, design, even accounting?
Thriving on Chaos with Tom Peters Program 3: 
Brains are in

**Viewer’s Guide**

**Introduction**

In “Brains are in,” the third and last program in the Thriving on Chaos series, Tom Peters asserts that we have left behind the “lump” or resource-based economy for a “brains” or information economy. This profound change has forced a radical restructuring of organizations and careers. In this program Peters visits three companies: Quad/Graphics, the Wisconsin-based printer; CRSS, the giant Texas-based architectural and engineering firm and $10-billion 3M’s new Austin, Texas, facility. He also interviews Harvard Business School professor Rosabeth Moss Kanter and Kennedy School of Government executive dean Richard Cavanagh. Peters finds that the new information age stars look different and act different. They are fast and flexible, thoroughly de-bureaucratized, brain-based networks, working with customers and suppliers in profitable partnership. The people of these organizations are setting new career paths – built on unceasing training and skill building, constant innovation and a commitment to change. The age of the job security and a steady rise for the loyal worker in one company is gone.

**How to Use This Guide**

The guide is designed to help viewers look at their own organizations and careers, and to prepare for and embrace the profound changes on the horizon.

The following discussion guide reviews the 11 central points made by Peters in his exploration of the brain-based economy. For each point there are ideas and examples, spaces for you to make note of your own experiences. There are also suggested topics for discussion with co-workers and some action items for individuals.
DISCUSSION GUIDE

1. The drumbeat of change.

Thriving companies move to a rhythm of constant change. They don’t resist. They seek it out, move with it, dance to it. As Harry Quadracci, founder of Quad/Graphics, says “We eat change for breakfast. Our employees look at change as survival.”

- What have you changed this week? How is your organization and work group actively embracing change? Fighting off inertia?

2. Constant improvement.

The best use of brainpower is encouraging every worker to contribute to a constant stream of small innovations. This is a lesson the Japanese have learned well. In 1987, for example, Matsushita Electric Industrial implemented 6,446,935 employee suggestions, almost 80 per employee. (The average Japanese worker submits 24 suggestions a year; the average American submits 0.14.)

- How is your organization encouraging constant improvement at all levels? How are you contributing?

3. Radical delegation of responsibility.

Employee involvement, quality circles, project orientation – these strategies for meeting the challenge of transforming American business are all based on driving authority and responsibility down to the front line. In order to move faster and more effectively in an age of chaos, organizations must leave the responsibility of solving problems with the people who see them first. Quadracci may be the best example of this. He’s delegated so well that he says he only makes three management decisions a year!

- Are you delegating authority and responsibility more today than you did five years ago?

4. Educate . . . re-educate.

In a fast-changing economy, skills need to be expanded and updated continually. Constant education and skills training is a matter or organizational, personal and professional survival. The winning organizations are going to have to follow the example of Quad/Graphics’s on-site school that boasts it’s never had a graduate.
Workers, both white collar and blue collar, are going to have to commit to lifelong learning as the only way to achieve job security.

- What new skills and knowledge do you need to keep up? How are you planning to get the training you need? (If the company won’t do it for you, will you do it for yourself anyway?)

5. Careers: no more lifetime jobs.

Once upon a time, workers could count on a lifelong career, often in a single company. No more. According to Rosabeth Moss Kanter, linear careers and lifetime job security is over. And in winning companies lie CRSS, workers aren’t thinking about position and seniority, but projects and performance. Only those organizations and workers who adapt to those new realities, who embrace what CRSS CEO Bruce Wilkinson calls “a performance culture” will succeed.

- How are you preparing for your next career (inside or outside the company)?

6. Flexibility and minimal bureaucracy.

The age of chaos is the age of unstructure. The winners have already “flattened the pyramid,” in the words of SAS chief Jan Carlzon. Twenty-billion-dollar Wal-Mart has three layers of management. Quad/Graphics has but two between the chairman and an 18-year old newly hired “jogger.” Federal Express chief Fred Smith, running a $3.8 billion firm, has put a stop to organizational layers at five. By avoiding layers of structure, winners are able to stay fast moving and flexible, even as they grow.

- Are you helping in the effort to eliminate hierarchy? Have you reduced procedures, memos, etc? Are you preparing to be a survivor – with broader skills – in a hierarchy-less world?

7. Performance!

Winning organizations look at performance, not position, seniority or title. CEO Bruce Wilkinson of $480-million CRSS often refers to the company’s “no-nonsense performance culture.” At CRSS, they’ve even eliminated pensions and substituted a performance bonus for everyone.

- Bottom line: what are your contributions to organizational performance? Are you ready for a totally performance-based world?
8. **Brains and information.**

In the information economy, brains and information, not tangible resources, are the organizational assets that matter. As British consultant Charles Handy says in his new book, *The Age of Unreason*, “For Britain and the rest of the industrialized world, it has...to be brains. Clever People, making clever things or providing clever services, add value, sometimes lots of value, to minimal amounts of raw material.” Even the old-time manufacturer 3M has gotten rid of its “lump” or manufacturing bias. They say, “We’re selling a process not a product.”

- Does your organization have a lump bias or a brain bias?

9. **High tech, high touch.**

Survival today demands that organizations commit to the highest of high technologies coupled with strong people orientation. Remember CRSS, equipped with the latest in CAD terminals, still uses the low-tech snow cards and squatting, as two cornerstones of its design process. And the commitment to high tech with high touch is reflected in its design for the 3M building in Austin, where the building was designed from the ground up to put people in touch with each other.

- Are you and your organization making major efforts to “hook up” with customers by computer (high tech) and stay in constant touch face-to-face (high touch)?

10. **Speed, speed, speed.**

According to many observers, competing in time – in a word, speed – is emerging as the principal dimension of competition in the years ahead. Without a doubt, winners are moving faster, cutting design, production and delivery times to a fraction of their former levels. Honda develops cars several times faster than the American Big Three. Compaq designs a computer in half the time it takes IBM. And, as we saw, at 3M the two-year production cycle is down to two months.

- What are you doing – measures, organizational realignment, barrier bashing – to focus the whole organization on time?
11. Get smart . . . or else.

To sum it up, in the information age, what you carry in your head is your most vital asset. Everyone – from floor sweeper to computer programmer – is or will be what Peter Drucker calls a knowledge worker. That means training, education, new skills and information. It adds up to uninterrupted lifelong learning as the most important investment any person or any organization can make. For those who commit to lifelong learning, the extraordinary changes in the years ahead can become exceptional opportunities.

- Is your organization committing growing amounts of time and money to lifelong learning? Are you?